

Basel Committee  
on Banking Supervision



Basel Committee work programme  
and strategic priorities for  
2021-22



## The Committee's work programme for the coming year focuses on three key themes:

1

Covid-19 resilience and recovery.

2

Horizon scanning, analysis of structural trends and mitigation of risks.

3

Strengthening supervisory coordination and practices.

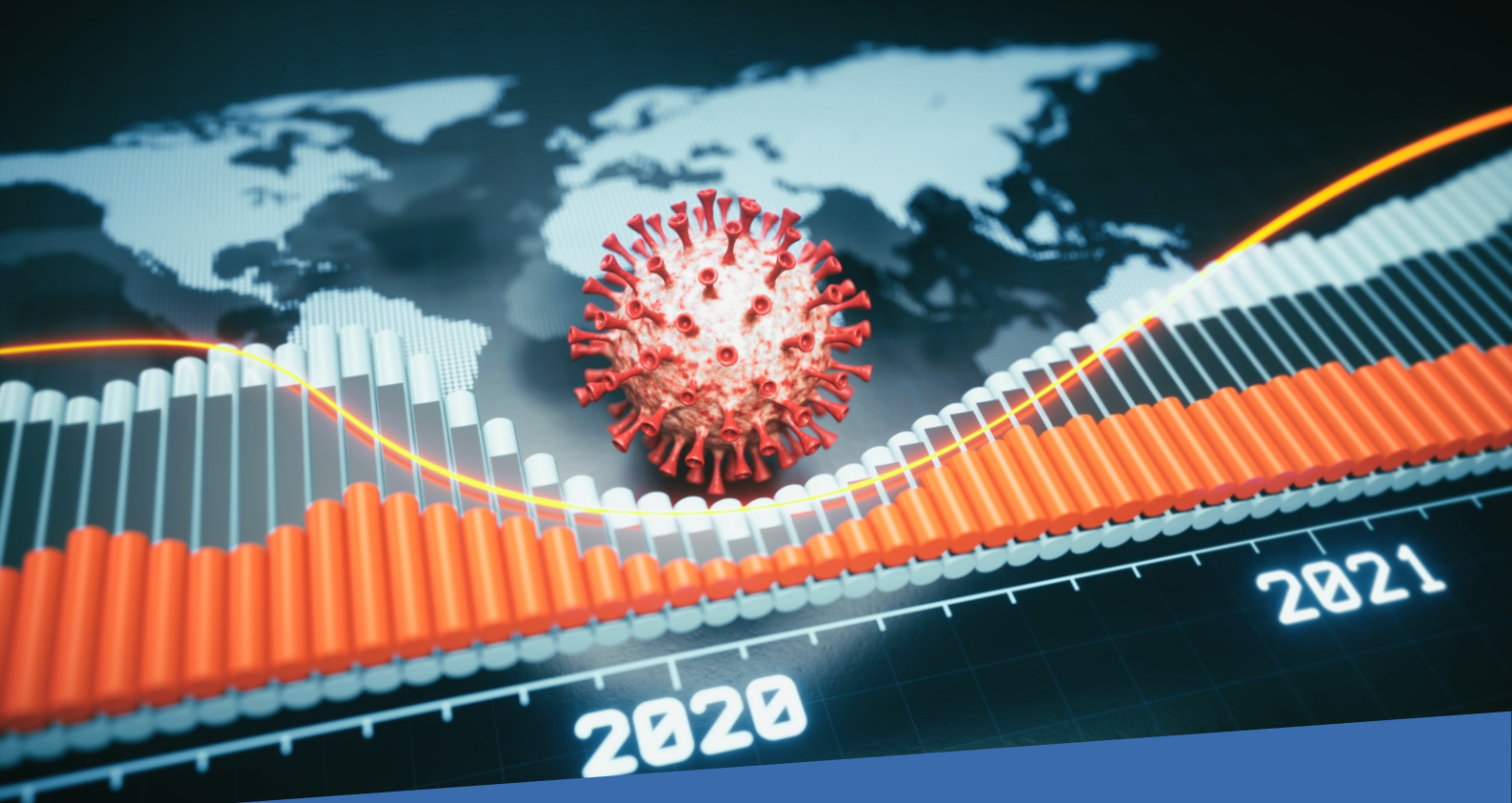
In pursuing its work programme, the Committee will be guided by the following principles:

### **A steadfast commitment to global financial stability**

The Committee's work will build on its mandate to strengthen the regulation, supervision and practices of banks worldwide with the purpose of enhancing global financial stability. Its members remain determined to work together and constructively towards finding global solutions to enhance the resilience of the global banking system.

### **Global engagement and cooperation**

The Committee will continue to collaborate and cooperate with a wide range of stakeholders. This includes ongoing collaboration with other standard-setting bodies and international fora on cross-sectoral financial initiatives. The Committee will also continue to pursue its long-established approach of seeking the views of a wide-range of external stakeholders, including academics, analysts, central banks and supervisory authorities, international organisations and public bodies, market participants and the general public.



# Covid-19 resilience and recovery

1

As the pandemic and economic crisis continues to unfold, the Committee's work related to Covid-19 will continue to form a core part of its work programme. This work will include:

Monitoring and assessing risks and vulnerabilities to the global banking system, drawing on supervisory insights and conducting thematic assessments.

If deemed relevant, mitigating risks by developing and deploying additional regulatory and supervisory responses that support the banking system's resilience and a sustainable economic recovery.

The Committee will monitor the implementation and unwinding of domestic measures taken by members during the pandemic, with a view to a consistent implementation of the Basel III framework.

In parallel, the Committee is conducting an evaluation of the initial "lessons learned" from the Covid-19 crisis with regards to the Basel III standards. An interim report will be finalised by this summer 2021 and be followed by subsequent updates. The Committee's findings will also form part of the Financial Stability Board's interim and final reports to the G20.



## Horizon scanning and mitigation of risks

2

The Committee will pursue a forward-looking approach to identifying, assessing and mitigating risks and vulnerabilities to the banking system. It will analyse the implications for banks and supervisors of medium-term structural trends and disruptions to the global banking system.

Key risks and trends on the Committee's work programme include:

The impact of the ongoing digitalisation and disintermediation of finance on banks' business models and the banking system more generally.

The assessment, measurement and mitigation of climate-related financial risks, spanning regulatory, supervisory and disclosure-related elements for the banking system.

The impact of a "low-for-long" interest rate environment for bank business models.

The Committee will finalise outstanding initiatives related to mitigating risks and structural trends, such as the prudential treatment of banks' crypto-assets exposures and banks' disclosure requirements for market risk and sovereign exposures.



## Strengthening supervisory coordination and practices

3

An important aspect of the Committee's work over the coming years will comprise a range of initiatives aimed at strengthening supervisory coordination and practices. Key areas of focus include:

The use of artificial intelligence / machine learning in banking and supervision, and broader issues related to the use of technology in supervision ("suptech").

Data and technology governance by banks.

Insights and supervisory approaches on operational resilience, with a particular focus on cyber security.

Leveraged lending and collateralised loan obligations.

The Committee will continue to cooperate with other global standard setting bodies and international fora on cross-sectoral supervisory issues, including cross-border payments, non-bank financial intermediation, benchmark rate transition and FX settlement risk.

The Committee will pursue further initiatives to promote the role of proportionality in bank regulation and supervision, including publishing the results of a survey on current and prospective plans for proportionality for 90 jurisdictions, conducted jointly with the World Bank. Building on this stocktake, the Committee plans to develop practical guidance on the use and design of a proportionate regulatory and supervisory framework, for use by jurisdictions should they wish to make use of them on a voluntary basis.



## Basel III implementation

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, has marked a clear end to the Basel III policy development agenda. Going forward, the Committee's Basel III-related work will focus on:

Monitoring the full, timely and consistent implementation of the Basel III framework by all members, as part of the Committee's Regulatory Consistency Assessment Programme.

Completing an evidence-based evaluation of the effectiveness of the Basel III standards, covering both the "lessons learned" from the Covid-19 pandemic and empirical experience over the past decade.